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UNCLAS SECTION 01 OF 02 BAGHDAD 003411

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SENSITIVE

STATE PASS TO EB WAYNE, NEA:GODEC AND NEA/I SILVERMAN;
COMMERCE FOR PETER HALE

E.O. 12958: N/A

TAGS: [ETRD](#) [EINV](#) [KBCT](#) [PGOV](#) [IZ](#)

SUBJECT: IRAQ TRADE MINISTER SEEKING SUPPORT OF OTHER
MINISTRIES TO NOT ENFORCE THE ARAB LEAGUE BOYCOTT

REF: A. BAGHDAD 3132

[1](#)B. BAGHDAD 2527

[1](#)C. STATE 97018

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use only. Not for internet distribution.

[1](#)1. (SBU) Summary: On August 15, Acting Econ Min.
Counselor and IRMO Senior Consultant met with the
Minister of Trade Abdel Basset Karim to express the USG's
continuing concern regarding enforcement of the Arab
League Boycott (ALB) against foreign investors in Iraq
(reftels). The Trade Minister agreed to raise the issue
with the other ministers to obtain their support and
nd
asked that the Embassy see him next week regarding his
progress. He also discussed Iraq's Foreign Trade
Memorandum (FTM) for WTO accession, as well as his desire
to increase trade through the Trade and Investment
Framework Agreement (TIFA). End Summary.

FOREIGN INVESTMENT, ALB, AND CPA ORDER 39

[1](#)2. (SBU) We stressed during the meeting that U.S.
companies need to be able to register their businesses
and trademarks in Iraq without having to sign the ALB
declaration. The Trade minister explained he has taken
steps in his own ministry (reftel A) towards non-
enforcement, but that other ministries are still
enforcing the ALB. We stressed that this includes the
Ministry of Foreign Affairs (MFA), whose transmittal of
ALB information led to some ships being blacklisted by
the Ministry of Transportation from coming to Iraq (six
ships barred in 11/2004). In addition, Pepsi has
encountered problems in registering its trademark,
because the trademark office has required the company to
sign the ALB declaration. (Note: There still is no
trademark office at the Ministry of Industry and Minerals
MIM, despite CPA Order 80 establishing it). We asked
that the Trade Minister discourage other ministries from
implementing the ALB. We stressed that the USG is
concerned that if Iraq is listed by the USG as a country
that enforces the ALB, it might deter significant U.S.
private investment. As a result, the USG is urging Iraq
not to implement or enforce the ALB.

[1](#)3. (SBU) The Trade Minister responded that he has
proposed to the MIM, the Iraqi Chamber of Commerce, and
the Iraqi Federation of Industries that they convene an
"all hands" meeting to discuss CPA Order 39 and Iraqi
corporate law. He noted that he wants the Ministry of
Oil and other ministries in the ITG to be able attract
foreign direct investment to Iraq. Working with the
Ministry of Finance (MoF) and Ministry of Planning and
Development (MoPD), he explained he hopes to finish
instructions on CPA Order 39. We stressed that the USG
needs written ALB non-implementation instructions to send
to Washington. The Minister of Trade agreed to issue the
written instructions after the "all hands" meeting. He
also emphasized that he would develop a technical
solution whereby the director generals of respective
ministries will be provided guidance on non-
implementation of the ALB.

[1](#)4. (SBU) The Minister of Trade explained further that he
intends to bring these written instructions to the
Council of Ministers and will stress to the Council the
importance of the instructions in helping to facilitate
foreign trade and foreign direct investment (FDI) in
Iraq. When asked if the Council must take a vote to make
the instructions legally effective, he responded that he
would not put it to a vote there. Although he plans to
hold two meetings one with selected ministers and the
second meeting with the Council of Ministers, he assured
us that the instructions would be valid if agreed to by
the MoF and MoPD, as stipulated by CPA Orders 39 and 46.
The Minister stressed that this effort is a "work in
progress" and that one set of instructions will not solve

the problem once and for all. He emphasized that he is looking for a practical solution, not just something in writing. We conveyed to him that we would like to work together with him to solve these problems in a practical way.

OTHER: WTO ACCESSION AND TIFA
STATE PASS TO EB WAYNE, NEA:GODEC AND NEA/I S)51V, KBCT, PGOV, IZ
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15. (SBU) On a separate issue, the Minister of Trade mentioned that he had signed the Foreign Trade Memorandum (FTM) this week and that it will be sent to the WTO Secretariat in Geneva. We responded positively to this

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development and added that we look forward to working with the Minister to boost trade through the Trade and Investment Framework Agreement (TIFA) signed at the JCRED in July.

16. (SBU) Comment. The Minister of Trade was supportive of Embassy's efforts to prevent Iraq from being listed as a country enforcing the Arab League Boycott. We will follow-up with him to check on what progress he has made on this issue with individual ministries as well as the entire Council of Ministers.

Khalilzad